

CITY OF VANCOUVER
Clark County, Washington
January 1, 1992 Through December 31, 1992

Schedule Of Findings

1. The City Should Ensure Timely Use Of Community Development Block Grant Funds

The City of Vancouver was awarded a Community Development Block Grant (CDBG) entitlement from the U.S. Department of Housing and Urban Development (HUD) through Clark County. The city has not complied with the requirement to make timely use of the CDBG funds.

The city's undisbursed entitlement grant funds were \$784,478 at October 31, 1992. This was 1.73 times the 1992 entitlement grant and had accumulated since program year 1988. As cited below, federal regulations set a maximum accumulated balance of 1.5 times the entitlement grant amount, or \$678,937 at October 31, 1992.

Federal regulation 24 CFR 570.902(a)(1)(i) states in part:

(1) Before the funding of the next annual grant and absent substantial evidence to the contrary, the Department will consider an entitlement recipient to be carrying out its CDBG activities in a timely manner if, 60 days prior to the end of its current program year:

(i) The amount of entitlement grant funds available to the recipient under grant agreements but undisbursed by the U.S. Treasury is less than 1.5 times the entitlement grant amount for its current program

We noted the city's following reasons for the noncompliance:

- a. If an approved applicant was later rejected, grant funds had to be "reprogrammed" to fund other projects, thus delaying the process.
- b. Some city departments responsible for completing program objectives were delayed. The majority of CDBG program activities require the services of other city departments as well as outside professional resources.
- c. Large projects are sometimes cumbersome and difficult to administer.

However, when a recipient does not disburse CDBG funds in a timely manner, HUD may make future grants to it "conditional" on compliance with the timeliness requirement, or it may reduce the grant award. This condition of noncompliance was also included in our 1991 audit report.

We again recommend city management implement procedures to ensure the timely use of Community Development Block Grant funds.